

ORIGINAL

OPEN MEETING AGENDA ITEM



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Our previously filed letter inadvertently excluded the Arizona Competitive Power Alliance

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April 8, 2014

Susan Bitter Smith, Chairman
Bob Stump, Chairman
Bob Burns, Commissioner
Doug Little, Commissioner
Tom Forese, Commissioner

Arizona Corporation Commission

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AZ CORP COMMISS
DOCKET CONTROL

Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007-2996

DOCKETED BY	PC
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Re: E-00000V-13-0070, Resource Planning and Procurement in 2013 and 2014

Dear Chairman Bitter Smith and Commissioners:

The Arizona Competitive Power Alliance (ACPA), Efficiency First AZ (EFAZ), Southwest Energy Efficiency Project (SWEEP), SolarCity, Solar Energy Industries Association (SEIA), Western Grid Group, and Western Resource Advocates appreciate the opportunity to respond to your March 24, 2015, letter,¹ requesting feedback on how to strengthen the preliminary Integrated Resource Planning (IRP) workshop process and the Commission's role in that preliminary process.

In the joint letter that we submitted on December 5, 2014, we identified a number of areas where the current IRP process could be improved.² We also proposed several solutions for addressing these issues. Regarding the *preliminary* workshop process, we recommended that:

1. The Commission lead these workshops.³
2. These workshops focus on defining key assumptions such as future fuel prices, load growth rates, and discount rates.
3. The Commission's independent consultant help to obtain reliable information to inform the workshop process and IRP assumptions. And
4. A Request for Information (RFI) be issued if certain additional information is needed.

In our view, it would be challenging to address these issues through utility-led processes since the primary concern is the need for independent third party analysis and input.

If implemented, we believe these recommendations would have several beneficial outcomes. They would:

- Support broader participation by the public and stakeholders;

¹ See ACC Docket No, E-00000V-13-0070, "Re: Docket No. E-00000V-13-0070 RESOURCE PLANNING AND PROCUREMENT IN 2013 AND 2014" (March 24, 2015), <http://images.edocket.azcc.gov/docketpdf/0000162580.pdf>

² See ACC Docket No, E-00000V-13-0070, "Joint Comments for Reforming the Arizona Corporation Commission's Integrated Resource Planning Process," (December 5, 2014), <http://images.edocket.azcc.gov/docketpdf/0000158462.pdf>

³ In its comments submitted on February 5, 2015, Arizona Public Service Company also supported Commission-led workshops. See ACC Docket No, E-00000V-13-0070, "Arizona Public Service Company ("APS" or "Company") Docket No. E-00000V-13-0070 Comments to Commissioner Bob Burns' letter regarding IRP workshop," (February 6, 2015), <http://images.edocket.azcc.gov/docketpdf/0000160235.pdf>

- Build transparency and accountability;
- Ensure that all input and feedback is captured as part of the public record;
- Provide a standardized mechanism for the public and stakeholders to provide input early in the process;
- Make the IRP process more effective through the identification of common inputs and by facilitating participation by the public and stakeholders; and
- Enhance coordination between resource planning and resource procurement to ensure that future procurement properly evaluates all available options through independently verified analysis.

We believe that these changes will ultimately improve the IRPs themselves by ensuring that the plans have fully leveraged the expertise of Arizona's stakeholder community.

In addition to considering these changes to the workshop process, we ask that you consider our recommendations regarding the coordination of the resource planning and resource procurement processes. This linkage between resource planning and resource procurement can be best achieved by requiring that Load Serving Entities (LSEs) develop Near-Term Action Plans in addition to their IRPs. Additionally, if near-term resource needs are identified by the utility in its Action Plan, an Independent Consultant would evaluate and verify these needs. Thus, we support Commission Staff's Suggestions to Improve the IRP Process Based on Staff and Stakeholder Concerns, specifically paragraphs 22 and 23⁴:

"22. Second, there could be an increased level of scrutiny on each LSE's 3-Year Action Plan which is filed as part of each LSE's IRP. Emphasis should be placed on the accuracy, detail and timeliness of the 3-Year Action Plans and how the action plans implement the goals of the IRP. The LSEs could be required to file amendments to 3-Year Action Plans whenever a substantive change occurs in the near term resource plan. These amendments should include a narrative description of any substantial changes to previously filed 3-Year Action Plans and a discussion of the resource planning implications of the changes. All proposed resource additions could be required to first appear and be discussed in the LSE's current 3-Year Action Plan as a prerequisite for filing an application with the Commission for a Certificate of Environmental Compatibility. This requirement might best be pursued through legislation⁵."

"23. The Commission could approve, approve with conditions, or disapprove each LSE's 3-Year Action Plan. This action would be distinct and separate from the Commission's decision to acknowledge" or "not acknowledge" the IRP.

Increasing attention to LSE 3-Year Action Plans and setting up a process to approve, approve with conditions, or disapprove the Action Plans will provide greater certainty to the LSE for investment decisions.

We thank the Commission for taking these comments into consideration and look forward to working with you to strengthen the IRP process moving forward.

Arizona Competitive Power Alliance (ACPA)
Southwest Energy Efficiency Project (SWEET)
Solar Energy Industries Association (SEIA)
Western Resource Advocates (WRA)

Efficiency First AZ (EFAZ)
Court Rich, Attorney for SolarCity Corporation
Western Grid Group

⁴ See ACC Docket No. E-00000V-13-0070, "Re: Docket No. E-00000V-13-0070 RESOURCE PLANNING AND PROCUREMENT IN 2013 AND 2014" (March 112015), <http://images.edocket.azcc.gov/docketpdf/0000161370.pdf>

⁵ Parties are not commenting on whether legislation is needed or is supported to enact this change.